

CHAPTER 5: THE FLATHEAD ECONOMY

Introduction

Northwest Montana's economy ~~is has traditionally been~~ characterized by it's diversity. A 2004 report on the "State of the Rockies" identified Flathead County has been identified as having the most balanced employment composition in the Rocky Mountain West,¹ with no one sector of the economy providing the most significant employment or wages. Region specific export products such as Flathead Cherries, the tourism draw of Glacier National Park and Flathead Lake, and the growing areas of healthcare, specialized services, construction, and retail trade have were identified as contributors to the produced the diverse Flathead County economy of today. Beginning in 2008, the economic downturn affecting the country resulted in significant impacts to Flathead County's diverse economy and workforce. These impacts continue to be felt today, even as the economy begins its slow recovery.

The county's natural environment is one of its chief economic assets contributing significantly to the high quality of life. This quality of life is characterized by natural scenic beauty, clean air and water and access to outdoor and recreational opportunities. The county's growing population fueled mainly by in-migration is a sign of the area's attractiveness and confirmation that the quality of life is a major economic asset.

Rapid population growth between 2000 and 2009 served as a detailed in Chapter 3, has been the major driver in the county's economic vitality during the first half of the decade. The population of older, working, financially established adults ~~has~~ rapidly increased during this time period, as those in their early 40's to late 50's ~~have chosen~~ chose to relocate to Flathead County. The national recession that began in 2008 had a dramatic affect on the local economy and population growth; reports indicate the recession hit Flathead County harder than any of the larger counties in the state of Montana. With time and demographic changes, the economy has transitioned to reflect an increase in the number of incomes resulting in more business activity and job growth. This is not, however, the first time Flathead County has found itself in an economic recession. Cyclical changes related to the evolving needs of a local and regionally connected population will continue to influence and drive the economy. By recognizing this and planning in a way that not only will encourage but sustain future economic growth is one approach to the current issues facing the Flathead Valley.

Goal

- G.21 A healthy and vibrant Flathead County economy that provides diversity and living-wage job opportunities and is comprised of sustainable economic activities and private sector investment.

¹ State of the Rockies; Report, Colorado College, 2004

Policies

- P.21.1 Provide adequate land area designated for commercial and industrial use to promote affordability, creating entrepreneurialism and/or businesses relocation to Flathead County.
- P.21.2 Develop methods to enhance a sustainable agricultural and timber industry through community-based incentives.
- P.21.3 Foster small business development as a method to provide employment and locally produced goods and services to meet the needs and demands of local communities and to provide region specific export goods.
- P.21.3 Promote education and work force development programs to better prepare current and future generations for high quality job opportunities and to provide employers with quality and dependable workers.
- P.21.4 Utilize economic development authorities to attract relocation or startup of businesses that offer competitive wages and job opportunities for those with a range of educational backgrounds.
- P.21.5 Preserve the natural amenities that characterize the county in order to attract industries and businesses that maintain the high quality of life that attracts visitors and new residents, and sustains the tourism sector of the economy.
- P.21.6 Support the continuation of traditional and existing industries to maintain economic diversity.

Goal

- G.22 Available, accessible, and adequate business infrastructure including facilities, utilities, services and transportation networks to facilitate new businesses and relocation of existing businesses to the County

Policies

- P.22.1 Identify infrastructure needs of the various business types and identify areas of the County which can best suit those needs.
- P.22.2 Promote business centers and industrial parks in areas served by sufficient infrastructure with consideration to proximity to population densities.
- P.22.3 Encourage the development of an airport industrial/business center to provide convenient access to Glacier International Airport and to foster a growing economy.

- P.22.4 Consider the infrastructure needs of local businesses when prioritizing development of new county facilities.

PART 1: Economic Composition (see Goals 21 and 22)

The Flathead Valley was historically a natural resource based economy. Logging, mining and commodities production have decreased over time, and as a result the Flathead economy has had to diversify in order to accommodate this change (as shown in Figure 5.1 below). ~~and a diverse economy, particularly strong in a variety of retail trade and service industries, is emerging.~~ The ~~county~~ County's economy has experienced significant restructuring over the past thirty years, with significant growth in the retail trade and service industries during the late 1990's and early 2000's. However, the economic downturn has tempered the diversification of the economy in the same way it has affected economic growth and stability. ~~twenty years from 1980 to mid 2000s, as Those industries that experienced enormous increases in employment, labor earnings, and sales over the past decade have witnessed enormous increases in the services and retail trade sectors, far out shadowing sectors with slower or negative growth since experienced significant losses in these same indicator areas during the recession.~~ The closure of the Columbia Falls Aluminum Company, coupled with the cyclical declines in the wood products and construction industry have added to these losses. However, ~~t~~he natural amenities and quality of life that contributing contribute to the character of Flathead County ~~continue to have attracted many~~ small businesses and technology companies that are becoming more prevalent in light of the new knowledge based, globalized economy. ~~The factor responsible for this economic change is population growth, bringing demand for goods and services available in the local economy.~~ The city of Kalispell's evolution as a regional trade and service center has also contributed to the growth of the County's economic base, even during this period of economic decline.

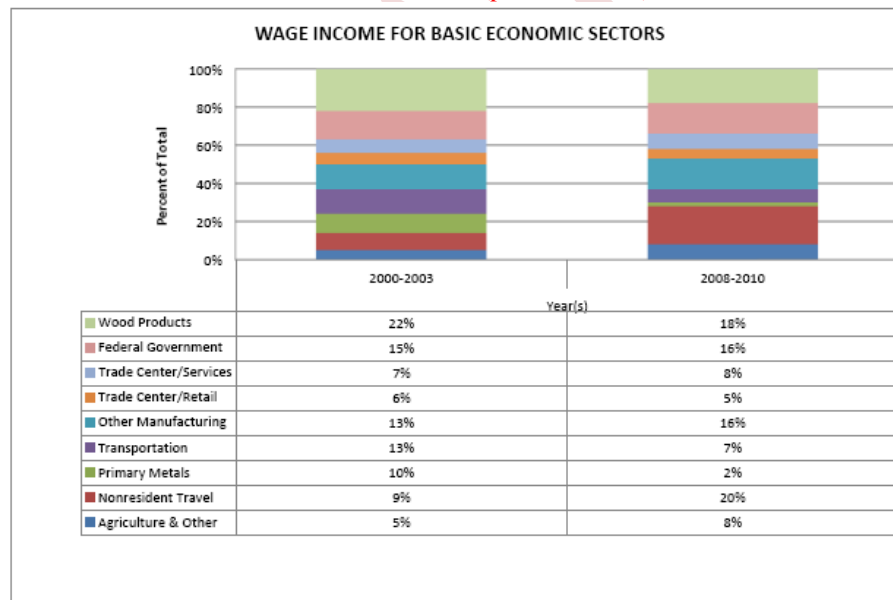
Several types of indicators may be used to evaluate trends in sectors and sub sectors of the economy. Wages and income, employment, and sales are some indicators which show changes over time. All of these indicators are discussed throughout this chapter to contrast past and current trends and to provide a snapshot of today's economy. The data detailing the Flathead County economy are extensive. However, consistent information for inter sector comparisons per year is not always available. Information contained in this chapter describes both basic and non basic sectors. Basic sectors are those sectors of the economy which are entirely dependent on export of their goods or services. Examples of basic sector goods are agriculture, manufacturing, and retail trade. Non basic sectors are dependent on local consumption of goods and services, and include services such as healthcare and education. It is important to note that although the healthcare service industry has been a major contributor to the Flathead's economy over the past decade, it is not considered a "base industry" until the provision of services expand to a regional level supported by non-localized spending.

~~The~~ While the county has grown in population over the past two decades, ~~the labor force has experienced a slight decline in population in the last three years². This decline is attributed in large part to the high unemployment rate and evolving economic base Flathead County is currently experiencing. The~~ Growth in indicators such as wage income for basic economic sectors ~~has vacillated between 1970 and 2000~~ show the change in the economic landscape since 200. According to data provided by the Bureau of Economic Analysis and shown in Figure 5.1 below, sectors including wood product manufacturing, transportation, and primary metals all experienced significant decline in their percentage of total labor income over the past ten years. ~~For~~ Basic economic sectors, manufacturing of wood products, primary metals refining, and high tech account for approximately 45% of the economic base of the county including trade services, other types of manufacturing, non-resident travel and agriculture experienced growth totaling 52% of the total labor income. Another major element in the economy is ~~the federal government, which includes another major component of the County's economic base that includes the USDA Forest Service and the U.S. Park Service, transportation including railroads, and non-resident travel as shown in Figure 5.1 grew slightly over this time period, comprising 16% of the labor income in 2010.~~

Comment [a1]: Statement requires point of reference (updated data to be included in Chapter 3) as well as further discussion in light of current economic conditions.

FIGURE 5.1

Labor Income in Basic Industries – 2000-2010 (percent of total)



Sources: Bureau of Business and Economic Research, The University of Montana;
Bureau of Economic Analysis, U.S. Department of Commerce

² Historic Data for Unemployment Rate: Research & Analysis Bureau, MT Department of Labor & Industry

The economic sectors detailed in the US Economic Census provide data for standard sectors in the county economy. (Construction is not included.) From the Census information, the total increase in sales for all sectors equaled 6% over the five year period, increasing from \$2.24 billion to \$2.40 billion during that period. Retail trades were the largest portion of sales in the county equaling over \$1 billion in 2002, while manufacturing sales totaled nearly \$646 million, and health care and social assistance equaled \$278 million³. A detailed discussion of individual economic sectors is available in Appendix A: Baseline Analysis.

Flathead County should take the appropriate measures to create a market friendly environment that promotes entrepreneurship and small business investment. Appropriate and compatible land uses, such as industrial parks near the airport and visible and accessible commercial lands, are a critical component of maintaining a diverse economy. ~~With population projected to continue increasing to over 111,000 by 2025, the Flathead economy will continue to grow.~~ A plan to promote all economic sectors through appropriate, diverse and compatible land uses that preserve the integrity of the community will ensure opportunity for diverse growth.

[Lead in to economic development discussion HERE; reference section below.](#)

PART 2: Employment (see Goal 21)

From 1990 to 2000 approximately 15,700 new jobs were created in Flathead County, a reflection of the diversifying economy and population growth occurring during this time period. As shown in Figure 5.2 below, employment sectors including retail sales, accommodation and food service, construction, as health care and social assistance continued to grow rapidly between 2000 and 2007. Other employment sectors such as mining, real estate, wholesale trade, finance and insurance continued to grow during this time period, albeit less rapidly. Following the economic downturn in 2008, most employment sectors suffered losses in their labor force, the most drastic of which occurred in the construction, manufacturing and retail trade sectors. Only the government and the health care and social assistance sectors have continued to experience modest gains in employment numbers during the economic recession, representing an increase of nearly 50%. ~~Dramatic increases occurred between 1980 and 2000 2007 in areas of services and retail trade as shown in Figure 5.2~~

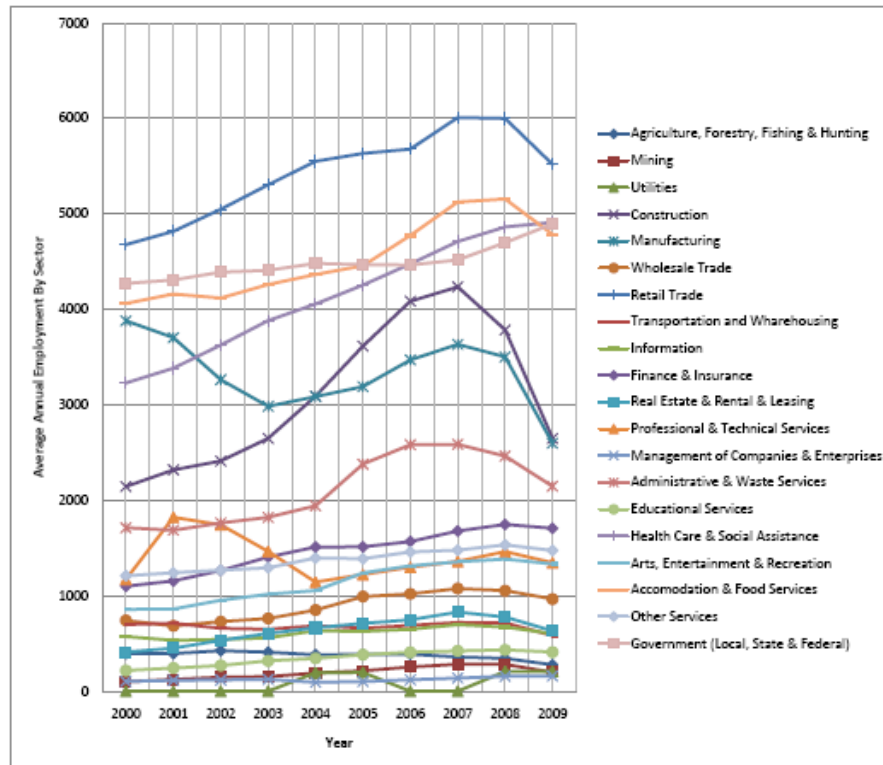
Comment [a2]: Update in March/April once Census data has been obtained. Add chart as necessary.

Comment [a3]: Update Appendix A: Baseline Analysis

Comment [b4]: Find updated projection for 2025 or 2050

Comment [a5]: The Flathead economy continued to grow through 2008, then changed significantly; rework sentence, explaining current economic outlook.

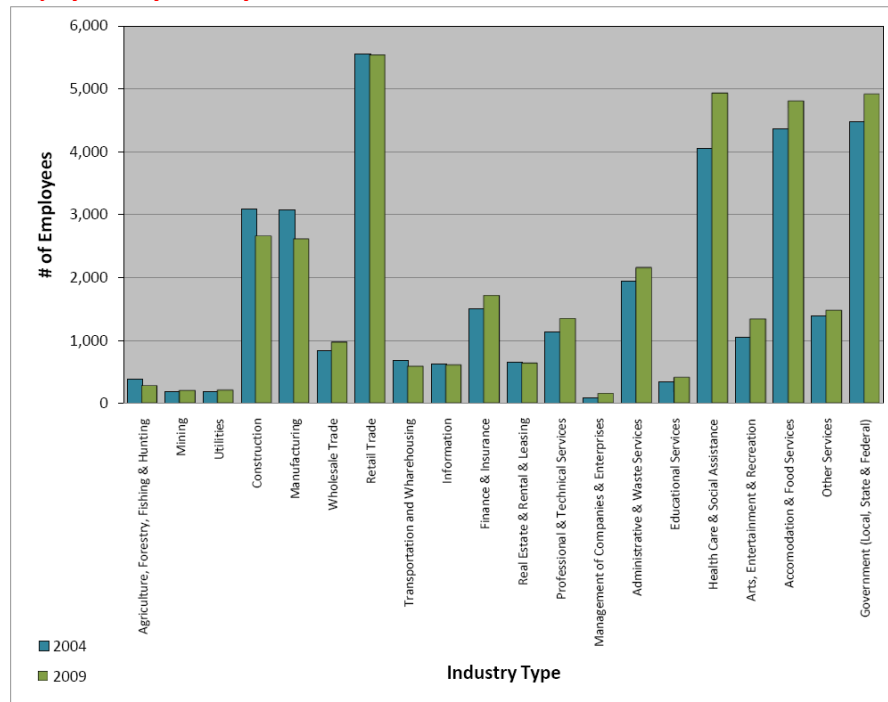
FIGURE 5.2
Employment By Sector – 2000 to 2009



Source: Montana Bureau of Labor & Industry; Employment & Earnings (ES-202/QCEW)

Approximately ~~35,707~~ 37,388 persons were employed in private and public agencies in ~~2004-2009, up from 35,707 persons in 2004.~~ The concentration of employment is spread over several sectors as shown in Figure 5.3. The sector with the largest number of employees ~~is~~ remains retail trade with ~~5,551~~ 5,519 employees, followed by ~~local, state and federal government services;~~ accommodation and food services; and healthcare and social services. Over the past five years industry sectors including wholesale trade, finance and insurance, professional and technical as well as administrative and waste services have increased their annual employment levels compared to 2004. Conversely, traditional sectors such as agriculture and forestry, construction and manufacturing have reduced their annual employment levels. Those sectors with the least number of employees are company and enterprise management with 92, mining with 190, and utilities with 193.

FIGURE 5.3
Employment by Industry – 2009



Source: Montana Department of Labor & Industry, Quarterly Census of Employment & Wages Program

Growth in the service and retail sectors including retail trade and finance, insurance, and real estate has notably increased to meet the growth in population. Service and retail trade sectors witnessed a 57% employment growth during the 1990s. The types of occupations that increased were mainly high quality jobs such as those in health care, engineering and management services, and business services. Service and retail occupations accounted for over 70% of the labor earnings during the 1990's. Between 1997 and 2000, the number of employees in health care and social assistance increased by 257%, followed by arts, entertainment, and recreation with an increase of 74% and employees in administrative and support and waste management and remediation services which increased by 70%.³

Unemployment Rates

Flathead County is experiencing a low unemployment rate as seen in Figure 5.4. The Flathead County Job Service Workforce Center reports 600 job openings compared with

Comment [a6]: Rework entire section to compare current employment sector data to previous data from 2004.

³ US Economic Census 1997, 2002 – update citation along with updated data

400 in spring 2005. Businesses in the service and retail trade sectors are experiencing difficulty hiring and maintaining dependable employees.

When the Growth Policy was written in 2007, Flathead County was experiencing low unemployment rates, as evidenced by Figure 5.4 below. Higher unemployment rates in the 1990's gave way to a relatively stable economy in 2000, and unemployment rates generally remained between 4% and 6% from 2000 to 2007. Over the past four years the unemployment rate has more than doubled, hitting 11.3 in November 2010.⁴ Prolonged unemployment, combined with a reduction in diversity and prevalence of low-wage earning opportunities have resulted in the County experiencing a level of outmigration, as individuals seek career opportunities elsewhere in the state and region.

FIGURE 5.4
Flathead County Unemployment Rate – 1990-2009

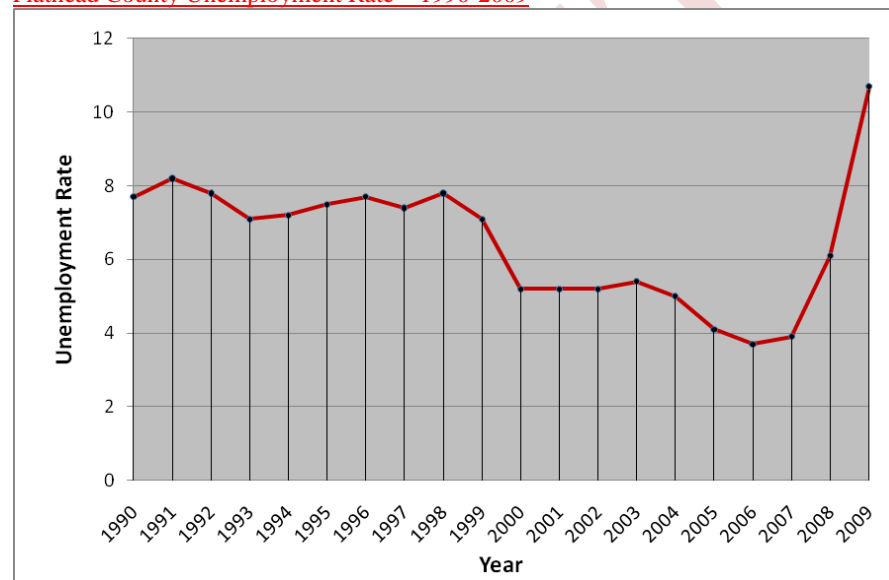
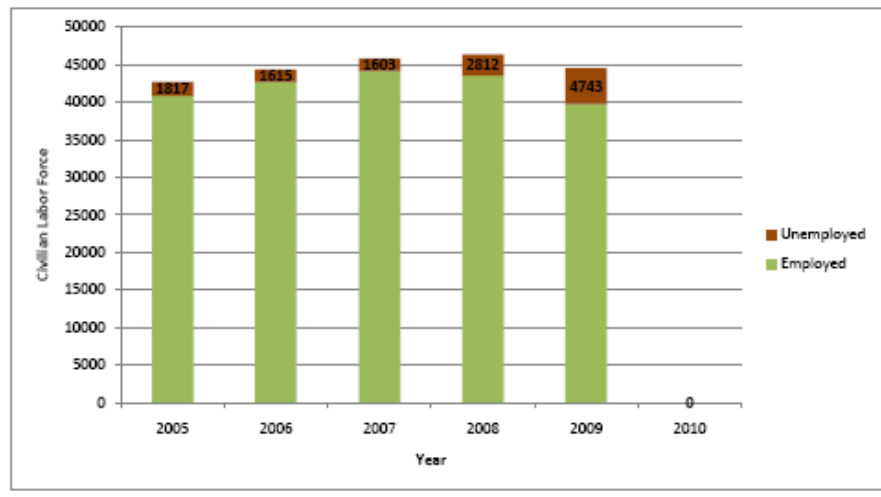


TABLE 5.1
Annual Average Labor Force in Flathead County – 2005-2010

Year	Civilian Labor Force	Employed	Unemployed	Unemployment Rate
2005	42685	40868	1817	4.3%
2006	44329	42714	1615	3.6%
2007	45777	44174	1603	3.5%
2008	46348	43536	2812	6.1%
2009	44516	39773	4743	10.7%
2010	Waiting on annual avg.	TBD	TBD	TBD

Source: Montana Department of Labor & Industry, Unemployment Rates & Labor Force Statistics

⁴ Economic Outlook 2011; Bureau of Business & Economic Research, The University of Montana

FIGURE 5.5**Annual Average Labor Force in Flathead County – 2005-2010**

Source: Montana Department of Labor & Industry, Unemployment Rates & Labor Force Statistics

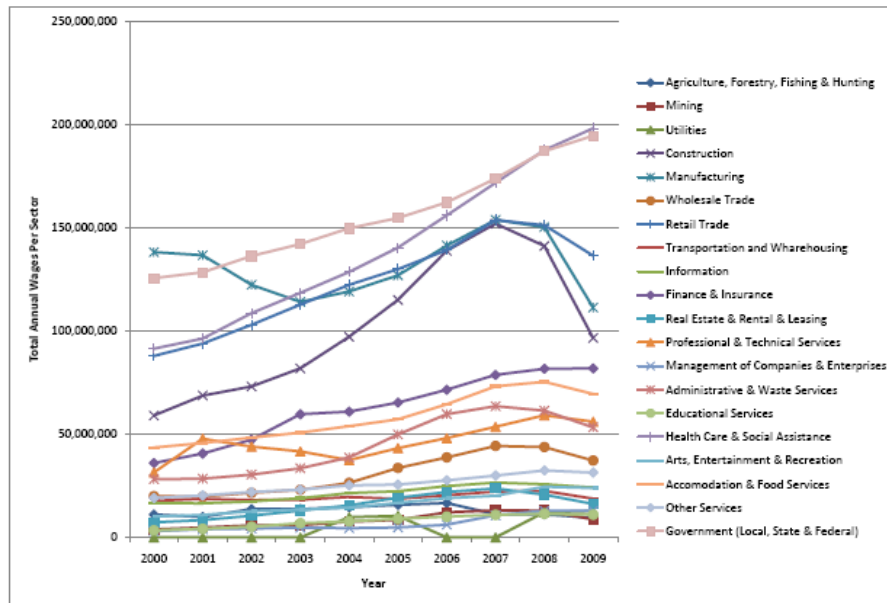
Wages

Flathead County wages ~~were~~ are rising up until 2007/2008, as shown in Figure 5.5. County employers pay less than US employers on average, but are more competitive with average wages for the state of Montana across numerous sectors⁵. Wages rose by 7.4% from 2003-2004. Per capita personal income in 2004 was \$28,598 placing Flathead County as 10th highest in the state; today per capita income is.

Comment [a7]: Section should be reworked to discuss current trends in wages as they relate to historic trends. Keep existing information, just add to it based on most current census data.

⁵ Davis, Gregg, PhD and Lynette Smith. Flathead County Wage and Benefit Survey; Center for Business Information and Research, 2005 —update citation information based on current data sources, once above paragraph reworked and

FIGURE 5.5
Annual Wages Per Employment Sector – 2000 through 2009



Source: Montana Bureau of Labor & Industry; Employment & Earnings (ES-202/QCEW)

The increasing cost of living in Flathead County has influenced what is defined as a “livable wage” or a wage which covers the costs of basic needs such as housing, food, transportation, healthcare, and insurance. The cost of housing in the county, as discussed in Chapter 3, is a major factor in determining a ‘livable’ wage since this cost has risen dramatically over the past decade. Approximately 51%⁵⁴ of private businesses offer medical benefits. This is probably because a majority of companies are small business, which have four or fewer employees and offer medical plans only 47% of the time. In addition only 20% of employers in the county provide pension plans, and 41% offer a 401(k) or savings plan⁵⁴. This is an additional consideration when factoring wage and income for area residents. Overall tone is accurate, need to update numbers and figures.

Wages have generally increased since the latter part of the 1990s when compared to the United States, the average earnings per job in Flathead County have steadily declined against the national average as shown in Figure 5.6. In the early 1970s the earnings per job in the county were comparable to those nationwide. In 1973 the average earnings per job in the county was over 95% of the national average. By 2004 the average earnings per job had dropped below 70% of the national average. Current comparison to the national average – find data. Frustration with below average wages is evident from the residents of Flathead County. A goal commonly cited by participants in the 2005-2006 growth policy scoping meetings was jobs with adequate wages that include health insurance (see Appendix B: Public Involvement Summary).

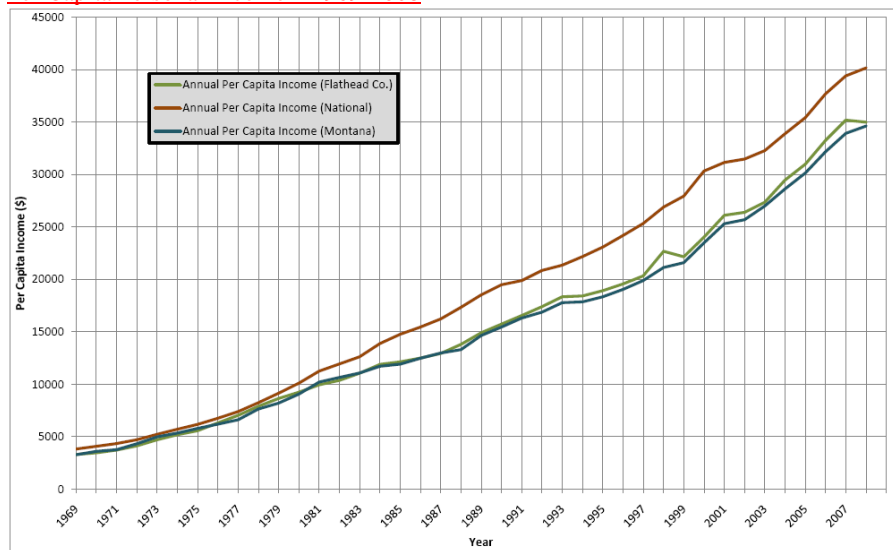
Talk to job service about general 'feel' of community re: wages, cost of living.

Comment [a8]: Summarize and update using census data, March/April

Growth of retail job sector – lower paying jobs have separate impact on economy
(CHART/GRAPH)

FIGURE 5.6

Per Capita Personal Income – 1969-2008



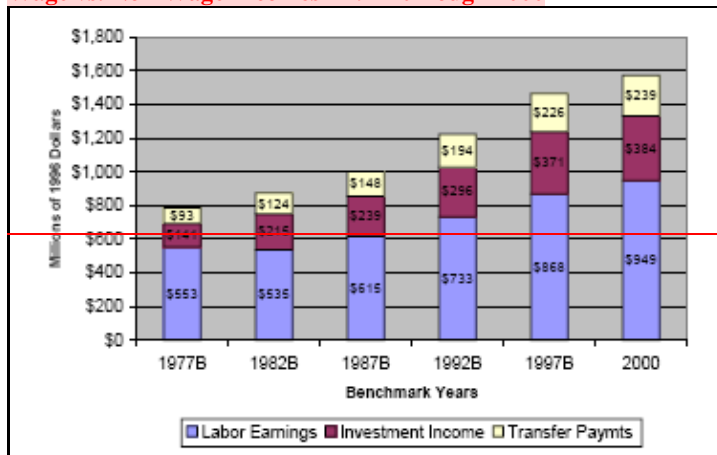
Source: Montana Department of Labor & Industry; Income Report (1969-2009)

Show more detail re: average wages for professional, 4 year college, trade schools, GED/high school, etc.

Flathead County residents increasingly live on non wage incomes which include income from investments and transfer payments, such as social security, as the number of people in the age group of 40 to 60 years has grown. In 2000 60% of incomes were wage based a 10% decrease from 1990. Nearly 25% of income in the county came from investments such as dividends, capital gains, and interest. The remaining 15% came from transfer payments sources such as social security, Medicare and Medicaid. Figure 5.7 shows the income composition in the county from 1977 through 2000 comparing wage and non wage incomes.

Comment [a9]: Discuss relevance? If necessary, update using current census data.

Figure 5.7
Wage vs. Non-Wage Incomes—1977 through 2000



Source: Swanson, Larry D. *The Flathead's Changing Economy: Assessing the Role of National Parks in the Economies of High Amenity, Non-metro Regions of the West*; National Parks Conservation Association, 2002

Comment [a10]: Update using current census data, March/April; make it look (graphically) like others.

Workforce

At one time there were a number of vacant positions and employers were experiencing difficulty hiring; today there is the opposite problem – increased unemployment rates mean there are more people than there are jobs. The number of vacant positions indicates that employers are experiencing difficulty hiring and retaining dependable employees. The lack of sufficient workforce in Flathead County produces concerns about education, training and employee recruitment.

This has changed entirely as a result of high rates of unemployment – summarize historic information above, as well as current conditions

The majority of Flathead County residents 25 years or older have some education beyond high school, with 5% holding a two-year associate degree, 18% holding a four-year bachelor's degree, 6% with graduate or professional degrees, and 29% with some college but no degree. This education trend is similar to that throughout Montana. An educated workforce is critical to a diverse economy. A major component of attracting business investments to the county is having a well trained ambitious workforce. Flathead Valley Community College provides a critical service in achieving this objective and should be supported. For more on Flathead Valley Community College, see Chapter 7: Public Facilities and Services. See if we can find data on education level, labor sector and average annual compensation – CREATE NEW CHART.

In 2000 male workers comprised 54% of the workforce with female workers comprising the remaining 46%. Men held more jobs in labor intensive industries such as

manufacturing and construction and retail trade while more women held positions in education, healthcare finance and insurance⁶. Update these two paragraphs using current census information – the chart below is an example of similar chart to create and include, showing education level and composition of workforce.

TABLE 5.2
Workforce Education - 2010

Educational Attainment	Flathead County	Montana	U.S.
Less than High School Diploma	12.6%	12.8%	19.6%
High School Diploma (or equivalent)	30.6%	31.3%	28.6%
Some College	27.4%	25.6%	21.0%
Associate Degree	7.0%	5.9%	6.3%
Bachelor's Degree	16.1%	17.2%	15.5%
Master's Degree	4.3%	4.6%	5.9%
Professional Degree	1.6%	1.7%	2.0%
Doctoral Degree	0.4%	0.9%	1.0%

Source: U.S. Census Bureau, 2010

Comment [a11]: Chart will need to be updated; this info is from 2000. Make it look (graphically) like others.

Again – find wage information for education level, labor sector.

PART 3: Business Characteristics (see Goals 21 and 22)

The majority of businesses in the county are small businesses indicating entrepreneurship is significant. Advanced telecommunication and transportation infrastructure has allowed new business opportunities in the county. The attraction of a high quality of living in the county is an advantage in bringing relocation or start up of high tech and value added businesses, as these businesses produce high value goods with low environmental impact. Non employee businesses, or small businesses that employ only the business owner, are prevalent and compose a significant part of the Flathead County economy.

Summarize past, reference specifics on charts below. Approximately 3,986 individual private businesses operated in the county in 2004, 91% of which are small businesses with one to 19 employees⁷. Construction firms are the most numerous with 743 construction businesses which include construction of buildings, heavy and civil engineering construction, and special trade contractors. Retail trade is the second most numerous in regard to number of establishments with 534 businesses including motor vehicle and parts dealers, furniture and home furnishing stores, gasoline stations, and general merchandise stores. Professional and technical services, accommodation and food services, and other services are the next most numerous sectors in regard to number of businesses as shown in Table 5.1. Kalispell Regional Medical Center is the largest employer with roughly 1,600 employees.

Comment [a12]: Update information using Table 5.2, 5.3 and 5.4 below

Attracting professionals/tradespersons to the area.

⁶ www.censusscope.org – update citation as necessary

⁷ 2000 County Business Patterns for Flathead, MT; US Census 2000 – update citation as necessary

TABLE 5.3
Number of Establishments per Sector and Annual Wages Per Job – 2009

<u>Industry</u>	<u># of Establishments</u>	<u>Annual Wages Per Job</u>
<u>Agriculture, Forestry, Fishing & Hunting</u>	<u>88</u>	<u>\$34,651</u>
<u>Mining</u>	<u>20</u>	<u>\$44,185</u>
<u>Utilities</u>	<u>11</u>	<u>\$62,227</u>
<u>Construction</u>	<u>869</u>	<u>\$36,473</u>
<u>Manufacturing</u>	<u>188</u>	<u>\$42,830</u>
<u>Wholesale Trade</u>	<u>142</u>	<u>\$38,598</u>
<u>Retail Trade</u>	<u>484</u>	<u>\$24,712</u>
<u>Transportation and Warehousing</u>	<u>124</u>	<u>\$32,240</u>
<u>Information</u>	<u>58</u>	<u>\$40,045</u>
<u>Finance & Insurance</u>	<u>210</u>	<u>\$47,953</u>
<u>Real Estate & Rental & Leasing</u>	<u>236</u>	<u>\$25,641</u>
<u>Professional & Technical Services</u>	<u>440</u>	<u>\$41,668</u>
<u>Management of Companies & Enterprises</u>	<u>14</u>	<u>\$81,174</u>
<u>Administrative & Waste Services</u>	<u>244</u>	<u>\$24,828</u>
<u>Educational Services</u>	<u>38</u>	<u>\$26,999</u>
<u>Health Care & Social Assistance</u>	<u>325</u>	<u>\$40,332</u>
<u>Arts, Entertainment & Recreation</u>	<u>121</u>	<u>\$17,967</u>
<u>Accommodation & Food Services</u>	<u>326</u>	<u>\$14,523</u>
<u>Other Services</u>	<u>312</u>	<u>\$21,296</u>
<u>Government (Local, State & Federal)</u>	<u>112</u>	<u>\$39,707</u>
-	-	-
<u>TOTAL Private</u>	<u>4,250</u>	<u>-</u>
<u>TOTAL All Industries</u>	<u>4,362</u>	<u>-</u>

Source: Montana Department of Labor & Industry, Quarterly Census of Employment & Wages Program

Larger employers comprise a much smaller segment of the Flathead County economy. In 2000 twenty-four businesses employed between 100 and 499 employees, while only three businesses employed 500 or more employees⁷⁶. ~~Some of the top private employers in the county are shown in Table 5.2. Discuss both private and public sector employment, referencing tables 5.3 and 5.4 below.~~

Comment [a13]: Update information

TABLE 5.4
Top Private Employers in Flathead Valley – 2010

<u>Industry/Employer</u>	<u># Employed</u>
<u>Kalispell Regional Medical Center</u>	<u>2282</u>
<u>Teletech</u>	<u>850</u>
<u>Applied Materials</u>	<u>800</u>
<u>CenturyLink</u>	<u>580</u>
<u>WinterSports, Inc.</u>	<u>500*/80</u>

Wal-Mart	411
Burlington Northern	375
L.C. Staffing	350
North Valley Hospital	305
Plum Creek	300
National Flood Service	260
Super 1 Foods	260
Immanuel Lutheran Home	250
Western Building Center	225
Glacier Bank Corp.	220
Costco	210
The Lodge at Whitefish Lake	180*/110
Flathead Electric Coop	165
Lowes	160*/142
Target	137
Sportsman & Ski Haus	131
Northwest Montana Human Resources	125
F.H. Stoltze Land & Lumber	125
Grouse Mountain Lodge	125*/100

* Indicates seasonal employment figures

TABLE 5.5

Top Public Employers in Flathead Valley -2010

Industry/Employer	# Employed
School District #5 (Kalispell)	750
Flathead County	526
School District #6 (Columbia Falls)	339
School District #44 (Whitefish)	207
City of Kalispell	180

Sources: Montana West Economic Development – Flathead County Profile

PART 4: Facilities and Infrastructure (see Goal 22)

Adequate business facilities and public infrastructure are necessary to promote a healthy business climate. Successful business communities often rely upon designated business districts to promote close proximity of businesses and services. Advances in transportation and communication technologies have enabled businesses to thrive in more remote areas of the nation. Important transportation infrastructure to support the county economy includes Glacier National Airport, road networks, and the railroad lines. Utilities such as those providing high speed internet and phone services are also essential. For an overview of land use considerations for commercial development see Chapter 2, and for more information on public facilities and infrastructure in the county, refer to Chapter 7.

Lack of transportation network; limited access to rail and limited industrial areas suitable for development. -> Talk to Kelli Danielson, MWED

Ask why agricultural costs are low on rail, other products are more expensive -> Kelli

This section can be further developed to discuss:

- Infrastructure that does exist and should be capitalized upon, direct future residential, commercial and industrial development toward
- Required infrastructure improvements necessary to promote economic growth and development in Flathead County – for example, what types of industry are we looking to grow, and what types of facilities and infrastructure are necessary to attract and keep -this type of development in our county?
- Reference Economic Development plan

PART 5: Economic Outlook

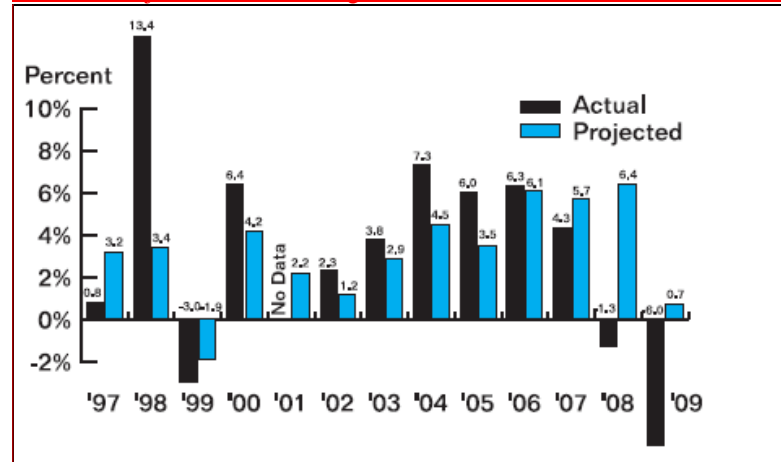
Estimates projecting future economic activity in Flathead County include an increase in non farm labor income growing by 3.0 to 4.0 percent per year through 2008. Other projections had predicted slightly faster growth in 2005 with a deceleration in the following part of the decade. Both are shown in Figure 5.8. Predicting the future economic trends is a daunting task, particularly with the transitioning economy in Flathead County. If population growth slows in the future, sectors dependent on the growth itself, such as the construction industry, will experience decline – this is what happened in the past five years. The manufacturing sectors of the economy are currently declining – and have continued to decline. Growth in the service and retail trade is fast increasing, proving that the economy is clearly shifting to reflect the demographic changes. Success in creating and maintaining a sustainable economy will rely largely on the behavior of private markets.

Evaluate current economic trends, referencing Figures 5.8 and 5.9 below.

Comment [a14]: Summarize previous economic trends discussed in this paragraph, relevant through 2005/2006 when GP was written.

FIGURE 5.8

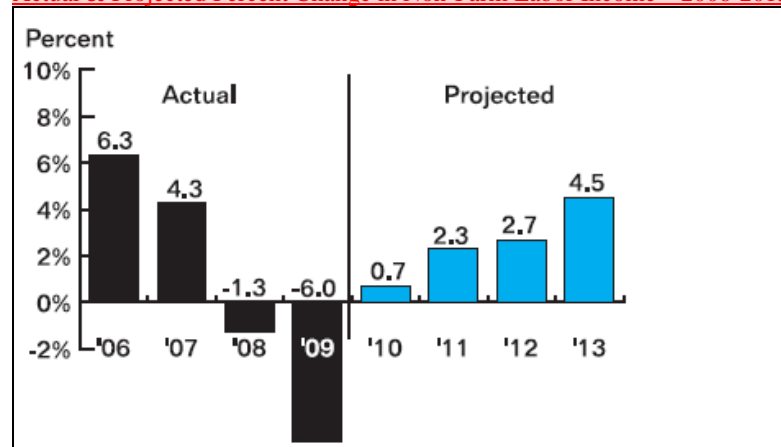
Actual & Projected Percent Change in Non-Farm Labor Income – 1997-2009



Sources: Bureau of Business and Economic Research, The University of Montana;
Bureau of Economic Analysis, U.S. Department of Commerce

FIGURE 5.9

Actual & Projected Percent Change in Non-Farm Labor Income – 2006-2013



Sources: Bureau of Business and Economic Research, The University of Montana;
Bureau of Economic Analysis, U.S. Department of Commerce

Projections for the state of Montana through 2012 appear to reflect similar trends in the county economy. These projected trends include employment declines in natural resource based industries such as mining, crop and animal production, forestry, and industries such as computer and electronic product manufacturing, wood product manufacturing, and

Comment [a15]: Create new graphs similar to those in previous sections of report (for better quality).

primary metal. Economic predictions for the state foresee increases in service occupations, construction and retail trade.⁸

Comment [a16]: Update using current data provided in tables above.

~~Wages likely will continue to rise as the cost of living in the county continues to increase. Employers will be forced to provide adequate wages to meet the cost of living or be faced with a shortage of dependable employees. Any future influx and/or creation of new high value jobs would be expected to increase wages.~~ Wages continued rising for awhile – then declined with the economic downturn.

~~The economic outlook for the area is good with a diversifying economy which protects the county from suffering from sudden economic changes in any one sector. Flathead County's ability to attract and retain a sustainable employment base, with industries and jobs that will remain in times of slow or fast population growth, will determine the strength of the economy in the future. Flathead County can assist by encouraging safe, healthy, convenient, compatible and efficient land uses that allow a diverse number of businesses to flourish during the process of community development.~~

Comment [b17]: Maybe move to the next section?

PART 6: Plan for Economic Development (reference additional goals & policies)

The goals and policies of this chapter call for a number of activities in support of business to be undertaken by the county. These include providing adequate land areas, fostering business and workforce development, supporting traditional industries, promotion of business centers and other efforts to support a growing economy. This can only be done in a satisfactory manner if the business community works with the county to produce an economic development strategy. Economic development organizations must clearly articulate the needs of existing businesses and employers. Efforts must be integrated so the county can send a unified message to prospective new businesses in a highly competitive climate. Land area needs must be demonstrated together with strategies for steering commercial growth to selected locations. Such a coordinated effort will help to assure that Flathead County's economic goals will be reached.

Comment [a18]: Use this as a starting point for economic development plan discussion.

PART 7: Tools and Incentives

Briefly discuss development tools and incentives that may be utilized through the implementation of an economic development plan, to encourage stability and growth.

- Tax incentives, financing options, TIFFS
- Identify local partners and agencies available to help, support structure
 - MWED, Port Authority (how are they related?) – what resources are available to them, to the County
 - How are they structured?

⁸ Industry Employment Projections, www.ourfactsyourfuture.org – update citation as necessary

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DRAFT